



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
28th Session
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NR0413E1
(+ Annex)

O. Eng.

Brussels, 23 June 2003.

POSSIBLE AMENDMENT OF THE NOMENCLATURE TO CHAPTER 44

(PROPOSAL BY THE EC)

(Item III.A.12 on Agenda)

Reference documents :

NR0376E1 (RSC/27)

NR0400E3, Annexes D/7 and F/15 (RSC/27 – Report)

I. BACKGROUND

1. At its 27th Session, the Review Sub-Committee undertook a preliminary discussion on the possible amendment of the Nomenclature to Chapter 44.
2. Opening the discussion, the EC Delegate stated that he could agree with the Secretariat that the Explanatory Notes should be updated, once the amendments to the legal texts had been accepted. He could also accept the Secretariat's proposal to amend Subheading Note 1 to reflect the amendments to the subheadings to heading 44.07 (see Doc. NR0376E1, paragraph 5).
3. The US and Canadian Delegates indicated that the creation or deletion of subheadings should take into account world-wide trade in these products and not only regional trade. Statistical data would be necessary to see whether or not the international trade in question was world-wide or regional. Both delegates indicated that they had not yet received feedback on the proposals from their industry or other interested government agencies.
4. The Delegate of Brazil informed the Sub-Committee that his administration was also in the process of consultation with industry.

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5. The Swiss Delegate, while concurring with the view expressed by the US and Canadian Delegates, wondered why (except for mahogany) the content of current subheading 4407.24 should be transferred to the residual subheading. The EC Delegate informed the Sub-Committee that, according to industrial circles, there was insufficient trade for the other types of wood.
6. With respect to heading 44.09, the EC Delegate indicated that he could accept the Secretariat's proposal in paragraph 6 of the working document. Noting that the proposal for this heading was closely linked to the creation of heading 44.22, one delegate expressed his concern as to whether the distinction between the products of that new heading, on the one hand, and those remaining in heading 44.09, on the other, would be sufficiently clear.
7. Turning to the proposals for heading 44.10 and its structured nomenclature, the EC Delegate argued that oriented strand board (OSB) should be considered as a distinct type of board, which differed from particle board. While one delegate suggested inserting a subheading Explanatory Note with a view to clarifying the nature of OSB, the Director invited the proponent and other interested parties to provide information on how to distinguish between particle board (of proposed subheading 4410.22) on the one hand and "similar board" (of proposed subheading 4410.29) on the other. It was agreed that the EC proposal and the Secretariat's alternative should be reproduced in the report.
8. One delegate, while explaining that his administration was interested in having medium density fibreboard (MDF) separately identified at the subheading level of heading 44.11, informed the Sub-Committee that, so far, he had not received a clear description with a view to identifying these boards. He indicated that he would endeavour to submit comments to that effect in due time.
9. The EC Delegate stated that he could accept the rewording of the second one-dash subheading, as suggested by the Secretariat in paragraph 14 of the working document. However, as an alternative, a third one-dash subheading could be inserted, reading "Other".
10. With respect to the proposed new structured nomenclature for heading 44.12, the EC Delegate informed the Sub-Committee that it was based on proposals from the industry, to insert specific references to blockboard, laminboard and battenboard. He also indicated that the relevant statistical data had been presented by the EC in a letter dated 20 February 2003 (subheadings 4412 2291, 4412 9291 and 4412 9920 of the **Combined Nomenclature**).
11. Referring to the Secretariat's suggestion to reword the proposed amendment of heading 44.18, the EC Delegate stated that he could accept that suggestion. With respect to the proposed new subheading, he indicated that he would endeavour to find the answers to the questions posed by the Secretariat in paragraph 20 of the working document.
12. With regard to proposed heading 44.22, the EC Delegate informed the Sub-Committee that parquet panels were produced by a special industry. That being the case and taking into account the high volume of international trade in these panels, a separate heading covering such panels would be justified. He could agree with the Secretariat's suggestion to insert a reference to "wood" in the heading text, and could also accept, in principle, an amendment to Note 3 to Chapter 44 with a view to including parquet panels, etc. of particle board or similar board, fibreboard, laminated wood or densified wood. He could also accept the insertion of the word "other" at the beginning of proposed subheading 4422.22. With respect to the reference to "components", he indicated that he needed to

reflect on this issue. Following a suggestion from the Chairperson, the expression at issue was placed in square brackets in the heading text as well as the subheading text.

13. Another delegate questioned the need for the creation of a separate heading for a particular product, when the present heading text comprised broad generic groupings of similar products, rather than specific single products. He also questioned the need to refer in the heading text to “unassembled” panels, since they might be classifiable in that heading by application of General Interpretative Rule 2 (a). Nonetheless, he would be prepared to look into the issue during the intersession.

II. SECRETARIAT COMMENTS

14. At the time of preparing this document, the Secretariat had not yet received additional information from administrations. That being the case, the Secretariat has reproduced in the Annex to this document, the amendment of the Nomenclature to Chapter 44 as proposed by the EC and the Secretariat’s alternative proposals, duly amended to take account of the observations made during the 27th Session of the Sub-Committee.
15. With respect to the proposed structure of heading 44.12, the EC has provided the following statistical information on international trade in blockboard, laminboard and battenboard.

Code number Combined Nomenclature	Imports (1,000 Euros)			Exports (1,000 Euros)		
	1999	2000	2001	1999	2000	2001
4412 2291	6,063	4,893	4,833	1,229	1,164	1,022
4412 9291	1,182	2,531	2,045	79	98	60
4412 9920	14,263	16,506	14,953	31,682	41,141	41,935

III. CONCLUSION

16. The Sub-Committee is invited to examine the EC proposal to amend the Nomenclature of Chapter 44, as set out in the Annex to this document, taking into account the comments from the Secretariat in paragraphs 14 and 15 above.

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